Sir. In a reference submitted, the Company has sought the advice of the Government for settling the issue relating to the disposal of residual assets of DMT plant which could not be imported.

(b) The matter is under consideration.

(c) and (d) The information is being collected.

Diversion of funds by the Cotton Mill Industry

2723. SHRI SHANKER SINH VAGHELA : Will the Minister of TEXTILES be pleased to state :

(a) whether it is a fact that various Government studies have brought out the fact that cotton mill industry had diverted its funds to more lucrative lines of business;

(b) whether it is also a fact that Indian Cotton Mills Federation which is an apex body of Cotton Mill Industry has published a report to prove that there is no such diversion of funds;

(c) if so, whether the Government had studied the financial analysis and report published by Indian Cotton Mill Federation; and

(d) if so, what is the reaction of the Government thereto ?

THE DEPUTY MINISTER IN THE MINISTRY OF TEXTILES (SHRI S. KRISHNA KUMAR) : (a) Government are not aware of any such specific finding in any study conducted by Government.

(b) Yes, Sir.

(b) No. Sir.

(d) Does not arise in view of (c) above.

Issue of debentures by Orkay Silk Mills Limited

2724. SHRI SHANKER SINH VAGHELA :
SHRI PRAMOD MAHAJAN :
CHOWDHARY RAM SEWAK :

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Orkay Silk Mills Limited has recently issued convertible debentures of Rs. 24 crores;

(b) what is the number of debentures and the value thereof which were issued to each of the Directors and their relatives as rights;

(c) how much was accepted and subscribed by them;

(d) how much was renounced by them;

(e) on renunciation, what was the rate of premium and the profit amount collected by each of the Directors and their relatives;

(f) whether Government have collected any income-tax on the enormous profits made by the Directors and their relatives; and

(g) if so, what is the amount so collected or likely to be collected as advance taxes ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI) : (a) Yes, Sir. Orkay Silk Mills offered 20 lakh, 13.5% secured, fully convertible debentures of face value of Rs. 120 each for cash at par for an aggregate value of Rs. 24 crores on rights basis to the company's existing shareholders in proportion of 1 debenture for every 8 equity shares held by shareholders whose names appeared on the register of members as on 16th May, 1986, against the approval given by the Controller of Capital Issues. As per the policy, the company was also permitted to retain over-subscription to the extent of 25% of the issued capital i.e. Rs. 6 crores since the issue was oversubscribed. Under the Stock Option Scheme, the company was also allowed to offer convertible debentures worth Rs. 1.5 crores to their employees including working directors.

(b) to (d) The Directors and their relatives did not renounce the offers made by them in individual capacities but the shares held by them in the capacity as nominee and representative were renounced. The details of the number of debentures offered and subscribed by the Directors and their relatives in their individual capacity are given in the enclosed Statement I (*See* below). The debentures offered, subscribed and renounced by the Directors and their relatives in their capacity as representative are given in the enclosed Statement II (*See* below).

(e) On renunciation the rate of premium per debenture ranged between Rs. 385 and Rs. 550.

(f) and (g) The information is being collected.

Statement-I

Name of the Director	No. of shares	No. of debentures offered	No. of debentures subscribed	No. of debentures renounced
Shri Kapal R. Mehra and Family Members	59,900	7,486	10,481	—
Shri Kapal R. Mehra as Working Director	—	6,500	6,500	—
Shri Jitendra R. Mehra and Family Members	27,450	3,429	4,801	—
Shri Jitendra R. Mehra as Working Director	—	6,500	6,500	—
Shri C.K. Parkash and Family Members	10	1	2	—
Shri C.K. Parkash as Working Director	—	4,500	4,500	—
Shri Pankaj K. Mehra and Family Members	45,000	5,625	7,875	—
Shri P.K. Mehra as Working Director	—	2,500	2,500	—
Shri H.P. Ranina and Family Members	13,210	1,651	2,285	—
Shri N.V. Sitaram and Family Members	50	6	10	—
Shri R.M. Pradhan and Family Members.	500	62	62	—
Shri P.V. Mehta and Family Members	6,410	799	1,077	—

Statement-II

Name of the Director	No of shares	No. of debentures offered	No. of debentures subscribed	No. of debentures renounced
Shri Kapal R. Mehra	29,29,222	3,66,152	177	3,65,975
Shri Jitendra R. Mehra	31,75,000	3,96,875	98,625	2,98,250
Shri Pankaj K. Mehra	40,000	5,000	—	5,000
Shri C.K. Parkash	93,000	11,624	24	11,600

Dilution of management holding in Orkay Silk Mills Ltd.

2725. CHOWDHARY RAM SEWAK :
SHRI PRAMOD MAHAJAN :

Will the Minister of FINANCE be pleased to state;

(a) whether Government's attention has been drawn to an article published in Fortune Magazine of September, 1986 issue regarding dilution of management holding in Orkay Silk Mills Limited to 40 per cent while making it a public limited company thereby they were required to subscribe Rs. 9.6 crores out of the 24.0 crores rights convertible debenture issue;

(b) whether it is a fact that debenture rights worth Rs. 9.6 crores increased to Rs. 12 crores (being 25 per cent permitted over-subscription) which has been disposed of at a premium price ranging between Rs. 350/- and Rs. 400/- and thereby the management realised a huge profit of Rs. 27 crores; and

(c) whether Government have collected income tax and other dues from the above transactions; if so, what is the tax amount so collected and how much remains to be collected; and what are the reasons for allowing such transactions which generates black money ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI) : (a) Yes, Sir.

(b) According to the information furnished by the Stock Exchange, Bombay